

GENERAL CONTRACTORS



What is a General Contractor?

Once a project owner has their design/engineering plans completed and funding is in place, etc., the owner will solicit and obtain contractor bids for their project. General contractors bid on the project, and once hired, they are responsible for the day to day construction operations, hiring sub-contractors, supervision, materials, equipment, health and safety, and keeping the project on budget and on time.

General contractors construct the following project types:

- Apartments/Condominiums
- Assisted Living
- Commercial/Office/Retail
- Education/Institutional
- Healthcare
- Hospitality
- Industrial/Manufacturing
- Road/Highway

Contractor's environmental exposures:

1. **Leaked oil, fuel, and hydraulic fluid** as well as emitted exhaust from construction equipment
2. Impacting nearby bodies of water due to **silt and sedimentation run off**
3. Exacerbating **unknown contamination** during excavation and grading (site prep)
4. Striking an **underground utility** such as a pipe line
5. Fumes from sealants, coatings, adhesives and silica applied
6. If demolition is involved, **disturbance of asbestos, lead based paint, and hazardous chemicals/materials**
7. **Mold** due to improperly sealed building envelope, leaking roof or pipes, HVAC

8. Leaking of oil, fuel, and hydraulic fluid from construction equipment during **hauling**
9. Upset overturn of a truck/trailers hauling construction materials/equipment
10. Upset overturn of portable fuel trailers

Contractor's professional liability exposures:

1. **Hiring** sub-contractors, sub-consultants or engineers
2. **Field changes** to design – making a change in the field without design professional approval
3. **Value engineering** – offering improvements/alterations to design plans
4. **Scheduling or timing errors**
5. **Incorrect selection** of building materials
6. Responsibility for project site **health & safety**
7. **Supervision or management** of sub-contractors or sub-consultants

Claim scenarios:

- **Professional Liability: \$450,000**
A general contractor was constructing an office building. He sub-contracted the design of the heating and ventilation systems (HVAC) to a mechanical contractor. The sub-contractor miscalculated the cooling needs of the building, which resulted in a \$450,000 professional liability claim for replacement of the system and relocation of the tenant during repairs.
- **Contractors Environmental Liability: \$1.75M**
A refrigeration contractor was hired to upgrade the refrigeration system of a cold storage warehouse. An ammonia leak was caused by the failure of a valve in the system. Seventeen neighbors were hospitalized and business operations were interrupted from the shutdown of the warehouse. The contractor incurred \$1.75M in third party bodily injury, property damage, and defense costs.
- **Professional Liability: \$350,000**
A general contractor sub-contracted masonry work for a warehouse project. The masonry sub-contractor did not construct the loading dock according to the design plans. The general contractor was accused of poor supervision and was held responsible for damages of \$350,000, including costs to rebuild the loading dock.

PHLY E&S Solutions offers Contractors Environmental Professional Coverage (CEPC) for general contractors. The form provides protection from contamination caused by contracting operations as well as negligent acts, errors, or omissions arising out of professional services, by or on behalf of the insured. Additional coverages built into the form: transportation, non-owned location (disposal) your insured location (premises), and full limits for emergency expense.

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